

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date	

Township of Barry
Barry County, Michigan
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
Year ended March 31, 2005

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	3 - 4
BASIC FINANCIAL STATEMENTS	
Government-wide financial statements:	
Statement of net assets	5
Statement of activities	6
Fund financial statements:	
Balance sheet - governmental funds	7
Statement of revenues, expenditures, and changes in fund balances - governmental funds	8 - 9
Notes to financial statements	10 - 18
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedules:	
General Fund	19
Special Fire Fund	20
Police Fund	21
Hickory Fire Fund	22
SUPPLEMENTARY INFORMATION	
Combining balance sheet - nonmajor governmental funds	23
Combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	24

INDEPENDENT AUDITORS' REPORT

**Board of Trustees
Township of Barry, Michigan**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Barry, Michigan, as of March 31, 2005, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of Township of Barry, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Barry, Michigan, as of March 31, 2005, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 12, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as of April 1, 2004.

The budgetary comparison information, on pages 19 through 21, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Township of Barry, Michigan has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Barry, Michigan's basic financial statements. The accompanying supplementary information is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Siegfried Crandall P.C.

July 22, 2005

BASIC FINANCIAL STATEMENTS

Township of Barry
STATEMENT OF NET ASSETS
March 31, 2005

	<u>Primary government</u>	<u>Component units</u>	
	<u>Governmental activities</u>	<u>BPH Fire Department</u>	<u>Delton District Library</u>
ASSETS			
Current assets:			
Cash	\$ 1,828,946	\$ 21,386	\$ 190,247
Receivables (net)	229,707	-	15,010
Total current assets	<u>2,058,653</u>	<u>21,386</u>	<u>205,257</u>
Noncurrent assets:			
Receivables (net)	624,778	-	-
Capital assets, net of accumulated depreciation	<u>442,734</u>	<u>239,187</u>	<u>701,398</u>
Total noncurrent assets	<u>1,067,512</u>	<u>239,187</u>	<u>701,398</u>
Total assets	<u>3,126,165</u>	<u>260,573</u>	<u>906,655</u>
LIABILITIES			
Current liabilities:			
Payables	26,411	3,572	3,004
Unearned revenue	43,560	-	-
Current portion of long-term obligations	<u>100,265</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>170,236</u>	<u>3,572</u>	<u>3,004</u>
Noncurrent liabilities:			
Long-term obligations	<u>612,690</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>782,926</u>	<u>3,572</u>	<u>3,004</u>
NET ASSETS			
Invested in capital assets, net of related debt	442,734	239,187	701,398
Restricted for:			
Public safety	897,518	-	-
Public works	1,254	-	-
Debt service	5,498	-	-
Unrestricted	<u>996,235</u>	<u>17,814</u>	<u>202,253</u>
Total net assets	<u>\$ 2,343,239</u>	<u>\$ 257,001</u>	<u>\$ 903,651</u>

See notes to the financial statements

Township of Barry
STATEMENT OF ACTIVITIES
Year ended March 31, 2005

		<u>Program revenues</u>		
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>
	<u>Expenses</u>	<u>services</u>	<u>grants and</u>	<u>grants and</u>
Functions/Programs			contributions	contributions
Primary government				
Governmental activities:				
Legislative	\$ 4,936	\$ -	\$ -	\$ -
General government	227,013	13,670	-	-
Public safety	232,562	13,517	6,485	52,826
Public works	151,119	-	-	12,953
Culture and recreation	2,385	-	-	-
Interest on long-term debt	43,345	-	-	43,345
Total primary government	<u>661,360</u>	<u>27,187</u>	<u>6,485</u>	<u>109,124</u>
Component units				
Public safety	\$ 96,553	\$ 13,680	\$ 30,428	\$ -
Culture and recreation	208,157	3,857	92,353	-
Total component units	<u>\$ 304,710</u>	<u>\$ 17,537</u>	<u>\$ 122,781</u>	<u>\$ -</u>
General revenues:				
Property taxes				
State shared revenue				
Unrestricted Interest income				
Other				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning				
Net assets - ending				

<u>Net (expense) revenue and changes in net assets</u>		
<u>Primary government</u>	<u>Component units</u>	
<u>Governmental activities</u>	<u>BPH Fire Department</u>	<u>Delton District Library</u>
\$ (4,936)		
(213,343)		
(159,734)		
(138,166)		
(2,385)		
-		
(518,564)		
	\$ (52,445)	\$ -
	-	(111,947)
	(52,445)	(111,947)
440,272	-	-
261,680	-	-
15,947	127	2,858
14,135	4,727	11,644
(41,564)	15,214	26,350
690,470	20,068	40,852
171,906	(32,377)	(71,095)
2,171,333	289,378	974,746
\$ 2,343,239	\$ 257,001	\$ 903,651

See notes to the financial statements

Township of Barry
BALANCE SHEET - governmental funds
 March 31, 2005

	<u>General</u>	<u>Special Fire</u>	<u>Police</u>
ASSETS			
Cash	\$ 920,808	\$ 498,673	\$ 364,928
Receivables (net)	45,300	16,566	16,566
Due from other funds	<u>11,378</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 977,486</u>	<u>\$ 515,239</u>	<u>\$ 381,494</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Payables	\$ 1,159	\$ -	\$ 6,058
Due to other funds	-	-	-
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,159</u>	<u>-</u>	<u>6,058</u>
Fund balances:			
Unreserved, undesignated	976,327	515,239	375,436
Unreserved, reported in nonmajor special revenue funds	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>976,327</u>	<u>515,239</u>	<u>375,436</u>
Total liabilities and fund balances	<u>\$ 977,486</u>	<u>\$ 515,239</u>	<u>\$ 381,494</u>

Amounts reported for *governmental activities* in the statement of net assets (page 5) are different because:

Certain special assessments receivable are not available to pay for current period expenditures and, therefore, are deferred in the funds.

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Long-term obligations, including contracts payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Net assets of *governmental activities*

<i>Crooked Lake Sewer</i>	<i>Fair Lake Sewer</i>	<i>Hickory Fire</i>	<i>Nonmajor governmental funds</i>	<i>Total governmental funds</i>
\$ 406	\$ 5,091	\$ 18,913	\$ 20,127	\$ 1,828,946
232,832	494,566	-	48,655	854,485
-	-	-	-	11,378
<u>\$ 233,238</u>	<u>\$ 499,657</u>	<u>\$ 18,913</u>	<u>\$ 68,782</u>	<u>\$ 2,694,809</u>

\$ 9,994	\$ 4,448	\$ 692	\$ 560	\$ 22,911
-	-	11,378	-	11,378
222,838	490,117	-	47,060	760,015
<u>232,832</u>	<u>494,565</u>	<u>12,070</u>	<u>47,620</u>	<u>794,304</u>
406	5,092	6,843	-	1,879,343
-	-	-	21,162	21,162
<u>406</u>	<u>5,092</u>	<u>6,843</u>	<u>21,162</u>	1,900,505
<u>\$ 233,238</u>	<u>\$ 499,657</u>	<u>\$ 18,913</u>	<u>\$ 68,782</u>	

712,955

442,734

(712,955)

\$ 2,343,239

See notes to the financial statements

Township of Barry**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - governmental funds***Year ended March 31, 2005*

	<u>General</u>	<u>Special Fire</u>	<u>Police</u>
REVENUES			
Property taxes	\$ 91,388	\$ 174,442	\$ 174,442
Federal grants	-	-	-
State grants	266,006	-	2,159
Charges for services	9,200	-	-
Interest and rentals	11,054	3,283	2,162
Other	<u>5,169</u>	<u>7,670</u>	<u>1,785</u>
Total revenues	<u>382,817</u>	<u>185,395</u>	<u>180,548</u>
EXPENDITURES			
Legislative	4,936	-	-
General government	199,135	-	-
Public safety	688	14,567	121,422
Public works	137,199	-	-
Culture and recreation	<u>2,385</u>	<u>-</u>	<u>-</u>
Debt service:			
Principal	-	-	-
Interest	-	-	-
Capital outlay	<u>61,420</u>	<u>-</u>	<u>4,492</u>
Total expenditures	<u>405,763</u>	<u>14,567</u>	<u>125,914</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(22,946)</u>	<u>170,828</u>	<u>54,634</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	27,773	-	-
Transfers out	(5,664)	(58,942)	-
Transfers out - component units	<u>(26,350)</u>	<u>(15,214)</u>	<u>-</u>
Total other financing sources (uses)	<u>(4,241)</u>	<u>(74,156)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(27,187)	96,672	54,634
FUND BALANCES - BEGINNING	<u>1,003,514</u>	<u>418,567</u>	<u>320,802</u>
FUND BALANCES - ENDING	<u>\$ 976,327</u>	<u>\$ 515,239</u>	<u>\$ 375,436</u>

<i>Crooked Lake Sewer</i>	<i>Fair Lake Sewer</i>	<i>Hickory Fire</i>	<i>Nonmajor governmental funds</i>	<i>Total governmental funds</i>
\$ -	\$ -	\$ -	\$ -	\$ 440,272
-	-	50,976	-	50,976
-	-	-	-	268,165
-	-	13,517	3,450	26,167
10,266	33,120	30	397	60,312
<u>46,581</u>	<u>77,734</u>	<u>1,850</u>	<u>17,401</u>	<u>158,190</u>
<u>56,847</u>	<u>110,854</u>	<u>66,373</u>	<u>21,248</u>	<u>1,004,082</u>
-	-	-	-	4,936
-	-	-	25	199,160
-	-	52,303	-	188,980
-	-	-	13,920	151,119
-	-	-	-	2,385
46,581	77,734	-	-	124,315
10,264	33,081	-	-	43,345
<u>-</u>	<u>-</u>	<u>74,125</u>	<u>726</u>	<u>140,763</u>
<u>56,845</u>	<u>110,815</u>	<u>126,428</u>	<u>14,671</u>	<u>855,003</u>
<u>2</u>	<u>39</u>	<u>(60,055)</u>	<u>6,577</u>	<u>149,079</u>
-	-	64,606	-	92,379
-	-	-	(27,773)	(92,379)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41,564)</u>
<u>-</u>	<u>-</u>	<u>64,606</u>	<u>(27,773)</u>	<u>(41,564)</u>
2	39	4,551	(21,196)	107,515
<u>404</u>	<u>5,053</u>	<u>2,292</u>	<u>42,358</u>	<u>1,792,990</u>
<u>\$ 406</u>	<u>\$ 5,092</u>	<u>\$ 6,843</u>	<u>\$ 21,162</u>	<u>\$ 1,900,505</u>

See notes to the financial statements

Township of Barry

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - *governmental funds* (Continued)**

Year ended March 31, 2005

Reconciliation of the statement of revenues, expenditures, and changes in
fund balances to the statement of activities:

Net change in fund balances - total governmental funds (page 8) \$ 107,515

Amounts reported for *governmental activities* in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the statement
of activities the costs of those assets are allocated over their estimated useful lives as
depreciation expense.

Add - capital outlay	116,679
Deduct - depreciation expense	(45,288)

Repayment of long-term obligation principal is an expenditure in the governmental funds,
but the repayment reduces long-term obligations in the statement of net assets.

Add - principal payments on long-term obligations	122,252
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Because some special assessments will not be collected until subsequent periods,
they are not considered available revenues and are deferred in the governmental funds.

Deduct - decrease in deferred special assessment revenues	<u>(129,252)</u>
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Change in net assets of <i>governmental activities</i> (page 6)	<u>\$ 171,906</u>
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Township of Barry
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Barry, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

a) *Reporting entity:*

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Township (primary government) and its component units. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

Discretely-presented component units:

The component unit columns in the financial statements include the financial data of the Delton District Library and the BPH Fire Department. These entities are presented in separate columns to emphasize that they are legally separate from the Township. These entities are considered component units of the Township because their deposits are held by the Township. Separately issued financial statements are available from the Delton District Library and the BPH Fire Department and can be obtained from the Township Clerk at 155 East Orchard, Delton, Michigan.

b) *Government-wide and fund financial statements:*

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental activities. Major individual governmental funds are reported as separate columns in the fund financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Township of Barry
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation:

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the government.

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Special Fire Fund accounts for the financial resources used to finance the Township's fire protection costs. Revenues are primarily derived from property taxes.

The Police Fund accounts for the financial resources used to finance Township's police protection costs. Revenues are primarily derived from property taxes.

The Crooked Lake Sewer Fund accounts for the issuance and payment of debt related to the Crooked Lake Sewer improvements. Revenues are primarily derived from special assessments.

The Fair Lake Sewer Fund accounts for the issuance and payment of debt related to the Fair Lake Sewer improvements. Revenues are primarily derived from special assessments.

The Hickory Fire Fund accounts for the financial resources used to finance the Township's fire protection costs. Revenues are primarily derived from charges for services.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB). The Township has elected not to follow subsequent private-sector standards.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

d) Assets, liabilities, and net assets or equity:

i) *Bank deposits* - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

ii) *Receivables* - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

Township of Barry
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) *Assets, liabilities, and net assets or equity* (continued):

iii) *Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

Land improvements	15 - 30 years
Buildings and improvements	15 - 60 years
Equipment	3 - 5 years
Roads	10 - 30 years

iv) *Deferred revenue* - In the fund financial statements, governmental funds report deferred revenue in connection with resources for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

v) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

vi) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year. The Township had no significant budget variations.

Township of Barry
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CASH:

Deposits are carried at cost and are maintained at various financial institutions in the name of the Township. State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority.

At March 31, 2005, the Township has deposits with a carrying amount of \$1,828,946 and a bank balance of \$1,837,157. Of the bank balance, \$376,530 is covered by federal depository insurance and \$1,460,627 is uninsured.

NOTE 4 - RECEIVABLES:

Receivables as of year-end for the Township's individual major and nonmajor funds, in the aggregate, are as follows:

<i>Fund</i>	<i>Property taxes</i>	<i>Special assessments</i>	<i>Inter- governmental</i>	<i>Totals</i>
General	\$ 7,495	\$ -	\$ 37,805	\$ 45,300
Special Fire	16,566	-	-	16,566
Police	16,566	-	-	16,566
Crooked Lake Sewer	-	232,832	-	232,832
Fair Lake Sewer	-	494,566	-	494,566
Nonmajor funds	-	48,655	-	48,655
Totals	\$ 40,627	\$ 776,053	\$ 37,805	\$ 854,485
Noncurrent portion	\$ -	\$ 624,778	\$ -	\$ 624,778

Governmental funds report deferred revenues in connection with revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred revenues are as follows:

<i>Fund</i>	<i>Special assessments</i>	
	<i>Unavailable</i>	<i>Unearned</i>
Crooked Lake Sewer	\$ 222,838	\$ -
Fair Lake Sewer	490,117	-
Crooked Lake Weed Control	-	43,560
Nonmajor funds	3,500	-
Totals	\$ 716,455	\$ 43,560

Township of Barry
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended March 31, 2005, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Primary government				
Capital assets being depreciated:				
Vehicles	\$ 601,000	\$ -	\$ -	\$ 601,000
Buildings	309,940	6,099	-	316,039
Equipment	<u>138,900</u>	<u>110,580</u>	<u>-</u>	<u>249,480</u>
Subtotal	<u>1,049,840</u>	<u>116,679</u>	<u>-</u>	<u>1,166,519</u>
Less accumulated depreciation for:				
Vehicles	439,200	21,200	-	460,400
Buildings	198,874	7,009	-	205,883
Equipment	<u>40,423</u>	<u>17,079</u>	<u>-</u>	<u>57,502</u>
Subtotal	<u>678,497</u>	<u>45,288</u>	<u>-</u>	<u>723,785</u>
Governmental activities capital assets, net	<u>371,343</u>	<u>71,391</u>	<u>-</u>	<u>442,734</u>
Discretely presented component units				
Capital assets being depreciated:				
BPH Fire Department - equipment and vehicles	586,800	4,832	-	591,632
Delton District Library - buildings, books, and equipment	<u>940,485</u>	<u>21,451</u>	<u>-</u>	<u>961,936</u>
Subtotal	<u>1,527,285</u>	<u>26,283</u>	<u>-</u>	<u>1,553,568</u>
Less accumulated depreciation for:				
BPH Fire Department - equipment and vehicles	324,510	27,935	-	352,445
Delton District Library - buildings, books, and equipment	<u>220,659</u>	<u>39,879</u>	<u>-</u>	<u>260,538</u>
Subtotal	<u>545,169</u>	<u>67,814</u>	<u>-</u>	<u>612,983</u>
Component unit capital assets, net	<u>\$ 982,116</u>	<u>\$ (41,531)</u>	<u>\$ -</u>	<u>\$ 940,585</u>

Township of Barry
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS (continued):

Depreciation expense was charged to functions of the Township as follows:

Governmental activities:	
General government	\$ 13,355
Public safety	<u>31,933</u>
	<u>\$ 45,288</u>

NOTE 6 - PAYABLES:

<u>Fund</u>	<u>Accounts</u>	<u>Inter- governmental</u>	<u>Totals</u>
General	\$ 1,159	\$ -	\$ 1,159
Police	6,058	-	6,058
Crooked Lake Sewer	-	9,994	9,994
Fair Lake Sewer	-	4,448	4,448
Hickory Fire	692	-	692
Nonmajor funds	<u>-</u>	<u>560</u>	<u>560</u>
Totals	<u>\$ 7,909</u>	<u>\$ 15,002</u>	<u>\$ 22,911</u>

NOTE 7 - LONG-TERM OBLIGATIONS:

Long-term debt at March 31, 2005, is comprised of the following issue:

Special assessment debt:

The Township has a contractual agreement to remit to the Southwest Barry County Sewer and Water Authority (the Authority) all principal and interest collections arising from special assessments levied on properties served by the Authority. In the event that the Authority is unable to meet its debt service requirements, an assessment may be made against the Township. The Township has pledged its full faith and credit for the payment of its share of any such deficiency.

Crooked Lake Sewer	\$ 222,838
Fair Lake Sewer	<u>490,117</u>
	<u>\$ 712,955</u>

Township of Barry
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - LONG-TERM OBLIGATIONS (Continued)

Long-term obligation activity for the ended March 31, 2005, is as follows:

Balance - April 1, 2004	\$ 835,207
Retirements	(124,315)
Adjustments	<u>2,063</u>
Balance - March 31, 2005	<u>\$ 712,955</u>
Due within one year	<u>\$ 100,265</u>

Debt service requirements at March 31, 2005, are as follows:

	<u>Principal</u>	<u>Interest</u>
Year ended March 31:		
2006	\$ 100,265	\$ 37,454
2007	100,265	32,675
2008	100,265	27,895
2009	100,267	23,116
2010	44,556	18,336
2011 - 2015	222,780	52,389
2016	<u>44,557</u>	<u>2,619</u>
Totals	<u>\$ 712,955</u>	<u>\$ 194,484</u>

Township of Barry
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

A summary of interfund transfers for the year ended March 31, 2005, is as follows:

<u>Fund</u>	<u>Transfer in</u>	<u>Fund</u>	<u>Transfer out</u>
Primary government			
General	\$ 27,773	Northwest Shore debt	\$ 13,934
		Southwest Shore Debt	13,839
			<u>27,773</u>
Hickory Fire	64,606	General	5,664
		Special Fire	58,942
			<u>64,606</u>
	<u>\$ 92,379</u>		<u>\$ 92,379</u>
Component units			
Delton District Library	\$ 26,350	General	\$ 26,350
BPH Fire	15,214	Special Fire	15,214
	<u>\$ 41,564</u>		<u>\$ 41,564</u>

The transfers to the General Fund represent residual equity transfers to close the Northwest Shore Debt and Southwest Shore Debt funds.

The transfers to the Hickory Fire Fund represent unrestricted revenues collected in the General Fund and Special Fire Fund to pay for public safety costs.

The transfer to the Delton District Library, a component unit, represents unrestricted revenues collected in the General Fund to subsidize operational costs of the Library.

The transfer to the BPH Fire Department, a component unit, represent unrestricted revenues collected in the Special Fire Fund to pay for public safety costs.

NOTE 9 - DEFINED CONTRIBUTION PENSION PLAN:

The Township provides pension benefits for its elected officials, full-time police officers, and cemetery sexton through a defined contribution plan. The plan became effective on April 1, 1984. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

The Township contributes annually between 6-10% of the employees' base salary, or \$150, whichever is greater. The Township's contributions for each employee (and interest allocated to the employee's account) are fully vested immediately. The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets. The Township made the required contributions for the year in the amount of \$23,554.

Township of Barry
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Delton District Library, discretely presented component unit, is party to the Township's insurance policies. The BPH Fire Department, a discretely presented component unit, manages risk of loss through the purchase of commercial insurance.

NOTE 11 - JOINTLY GOVERNED ENTITY:

The Township, together with the Townships of Johnstown, Hope, and Prairieville established the Southwest Barry County Sewer and Water Authority (the Authority), under the provisions of Act 233 of 1955, to operate, maintain, administer, and manage a sewage collection and disposal system. The governing body of the Authority is made up of the supervisors of each member township. Membership does not convey an equity interest in the organization. Operating costs are financed through user fees, and debt service costs are paid from special assessments upon benefited properties.

NOTE 12 - CHANGE IN ACCOUNTING PRINCIPLES:

Effective April 1, 2004, the Township implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, along with all related statements and interpretations. In connection with the implementation of this statement, the following adjustments to beginning net assets have been made to reflect the cumulative effect of this accounting change:

Net assets as previously reported:

General, special revenue, and debt service funds	\$ 1,792,990
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	371,343
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Long-term liabilities, including contracts payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(835,207)
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Deferred revenue, earned in current periods, is not reported in the statement of net assets.	<u>842,207</u>
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Net assets, as restated	<u>\$ 2,171,333</u>
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REQUIRED SUPPLEMENTARY INFORMATION

Township of Barry
BUDGETARY COMPARISON SCHEDULE - General Fund
Year ended March 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Property taxes	\$ 77,250	\$ 77,250	\$ 91,388	\$ 14,138
State grants	200,000	200,000	266,006	66,006
Charges for services	5,000	5,000	9,200	4,200
Interest and rentals	7,500	7,500	11,054	3,554
Other	<u>13,000</u>	<u>13,000</u>	<u>5,169</u>	<u>(7,831)</u>
Total revenues	<u>302,750</u>	<u>302,750</u>	<u>382,817</u>	<u>80,067</u>
EXPENDITURES				
Legislative	8,300	8,300	4,936	3,364
General government	320,996	320,996	199,135	121,861
Public safety	2,750	2,750	688	2,062
Public works	172,500	172,500	137,199	35,301
Culture and recreation	3,100	3,100	2,385	715
Capital outlay	<u>232,000</u>	<u>232,000</u>	<u>61,420</u>	<u>170,580</u>
Total expenditures	<u>739,646</u>	<u>739,646</u>	<u>405,763</u>	<u>333,883</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(436,896)</u>	<u>(436,896)</u>	<u>(22,946)</u>	<u>413,950</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	27,773	27,773
Transfers out	(30,000)	(30,000)	(5,664)	24,336
Transfer out - Delton District Library	<u>(26,000)</u>	<u>(26,000)</u>	<u>(26,350)</u>	<u>(350)</u>
Total other financing sources (uses)	<u>(56,000)</u>	<u>(56,000)</u>	<u>(4,241)</u>	<u>51,759</u>
NET CHANGE IN FUND BALANCES	<u>(492,896)</u>	<u>(492,896)</u>	<u>(27,187)</u>	<u>465,709</u>
FUND BALANCES - BEGINNING	<u>1,003,514</u>	<u>1,003,514</u>	<u>1,003,514</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 510,618</u>	<u>\$ 510,618</u>	<u>\$ 976,327</u>	<u>\$ 465,709</u>

Township of Barry**BUDGETARY COMPARISON SCHEDULE - Special Fire Fund**

Year ended March 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Property taxes	\$ 150,000	\$ 150,000	\$ 174,442	\$ 24,442
Interest	1,000	1,000	3,283	2,283
Other	<u>1,000</u>	<u>1,000</u>	<u>7,670</u>	<u>6,670</u>
Total revenues	<u>152,000</u>	<u>152,000</u>	<u>185,395</u>	<u>33,395</u>
EXPENDITURES				
Public safety	30,500	30,500	14,567	15,933
Capital outlay	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total expenditures	<u>50,500</u>	<u>50,500</u>	<u>14,567</u>	<u>35,933</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>101,500</u>	<u>101,500</u>	<u>170,828</u>	<u>69,328</u>
OTHER FINANCING USES				
Transfer out - Hickory Fire Fund	(61,000)	(61,000)	(58,942)	2,058
Transfer out - Component Unit	<u>(20,000)</u>	<u>(20,000)</u>	<u>(15,214)</u>	<u>4,786</u>
Total other financing uses	<u>(81,000)</u>	<u>(81,000)</u>	<u>(74,156)</u>	<u>6,844</u>
NET CHANGE IN FUND BALANCES	20,500	20,500	96,672	76,172
FUND BALANCES - BEGINNING	<u>418,567</u>	<u>418,567</u>	<u>418,567</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 439,067</u>	<u>\$ 439,067</u>	<u>\$ 515,239</u>	<u>\$ 76,172</u>

Township of Barry
BUDGETARY COMPARISON SCHEDULE - Police Fund
Year ended March 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Property taxes	\$ 150,000	\$ 150,000	\$ 174,442	\$ 24,442
State grant	1,500	1,500	2,159	659
Interest	1,000	1,000	2,162	1,162
Other	1,000	1,000	1,785	785
	<u>153,500</u>	<u>153,500</u>	<u>180,548</u>	<u>27,048</u>
EXPENDITURES				
Public safety	127,800	127,800	121,422	6,378
Capital outlay	5,000	5,000	4,492	508
	<u>132,800</u>	<u>132,800</u>	<u>125,914</u>	<u>6,886</u>
NET CHANGE IN FUND BALANCES	20,700	20,700	54,634	33,934
FUND BALANCES - BEGINNING	<u>320,802</u>	<u>320,802</u>	<u>320,802</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 341,502</u>	<u>\$ 341,502</u>	<u>\$ 375,436</u>	<u>\$ 33,934</u>

Township of Barry
BUDGETARY COMPARISON SCHEDULE - Hickory Fire Fund
Year ended March 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Federal grants	\$ -	\$ -	\$ 50,976	\$ 50,976
Charges for services	10,000	10,000	13,517	3,517
Interest	20	20	30	10
Other	-	-	1,850	1,850
Total revenues	<u>10,020</u>	<u>10,020</u>	<u>66,373</u>	<u>56,353</u>
EXPENDITURES				
Public safety	60,342	60,342	52,303	8,039
Capital outlay	<u>24,600</u>	<u>24,600</u>	<u>74,125</u>	<u>(49,525)</u>
Total expenditures	<u>84,942</u>	<u>84,942</u>	<u>126,428</u>	<u>(41,486)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(74,922)</u>	<u>(74,922)</u>	<u>(60,055)</u>	<u>14,867</u>
OTHER FINANCING USES				
Transfer in - General Fund	-	-	5,664	5,664
Transfer in - Special Fire Fund	<u>60,883</u>	<u>60,883</u>	<u>58,942</u>	<u>(1,941)</u>
Total other financing uses	<u>60,883</u>	<u>60,883</u>	<u>64,606</u>	<u>3,723</u>
NET CHANGE IN FUND BALANCES	<u>(14,039)</u>	<u>(14,039)</u>	<u>4,551</u>	<u>18,590</u>
FUND BALANCES - BEGINNING	<u>2,292</u>	<u>2,292</u>	<u>2,292</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ (11,747)</u>	<u>\$ (11,747)</u>	<u>\$ 6,843</u>	<u>\$ 18,590</u>

SUPPLEMENTARY INFORMATION

Township of Barry
COMBINING BALANCE SHEET - nonmajor governmental funds
March 31, 2005

Special revenue funds				
	Cemetery	SWBC Development Team	Crooked Lake Weed Control	Totals
ASSETS				
Cash	\$ 18,207	\$ 1,701	\$ 219	\$ 20,127
Receivables	-	-	44,595	44,595
Total assets	<u>18,207</u>	<u>1,701</u>	<u>44,814</u>	<u>64,722</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Payables	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Deferred revenue	-	-	43,560	43,560
Total liabilities	-	-	43,560	43,560
Fund balances:				
Unreserved, undesignated	<u>18,207</u>	<u>1,701</u>	<u>1,254</u>	<u>21,162</u>
Total liabilities and fund balances	<u>\$ 18,207</u>	<u>\$ 1,701</u>	<u>\$ 44,814</u>	<u>\$ 64,722</u>

<i>Debt service funds</i>				<i>Total other govern- mental funds</i>
<i>Northwest Shore Drive</i>	<i>Southwest Shore Drive</i>	<i>Baseline Road</i>	<i>Totals</i>	
\$ -	\$ -	\$ -	\$ -	\$ 20,127
-	-	4,060	4,060	48,655
-	-	4,060	4,060	68,782
\$ -	\$ -	\$ 560	\$ 560	\$ 560
-	-	-	-	-
-	-	3,500	3,500	47,060
-	-	4,060	4,060	47,620
-	-	-	-	21,162
\$ -	\$ -	\$ 4,060	\$ 4,060	\$ 68,782

Township of Barry**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - nonmajor governmental funds**

Year ended March 31, 2005

	Special revenue funds			
	<u>Cemetery</u>	<u>SWBC Development Dev Team</u>	<u>Crooked Lake Weed Control</u>	<u>Totals</u>
REVENUES				
Charges for services	\$ 3,450	\$ -	\$ -	\$ 3,450
Interest	41	6	4	51
Other	-	-	11,250	11,250
	<u>3,491</u>	<u>6</u>	<u>11,254</u>	<u>14,751</u>
Total revenues				
	<u>3,491</u>	<u>6</u>	<u>11,254</u>	<u>14,751</u>
EXPENDITURES				
General government	25	-	-	25
Public safety	-	-	-	-
Public works	-	-	10,000	10,000
Capital outlay	726	-	-	726
	<u>751</u>	<u>-</u>	<u>10,000</u>	<u>10,751</u>
Total expenditures				
	<u>751</u>	<u>-</u>	<u>10,000</u>	<u>10,751</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>2,740</u>	<u>6</u>	<u>1,254</u>	<u>4,000</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>2,740</u>	<u>6</u>	<u>1,254</u>	<u>4,000</u>
FUND BALANCES - BEGINNING	<u>15,467</u>	<u>1,695</u>	<u>-</u>	<u>17,162</u>
FUND BALANCES - ENDING	<u>\$ 18,207</u>	<u>\$ 1,701</u>	<u>\$ 1,254</u>	<u>\$ 21,162</u>

<i>Debt service funds</i>				<i>Total other govern- mental funds</i>
<i>Northwest Shore Drive</i>	<i>Southwest Shore Drive</i>	<i>Baseline Road</i>	<i>Totals</i>	
\$ -	\$ -	\$ -	\$ -	\$ 3,450
147	199	-	346	397
-	2,231	3,920	6,151	17,401
147	2,430	3,920	6,497	21,248
-	-	-	-	25
-	-	-	-	-
-	-	3,920	3,920	13,920
-	-	-	-	726
-	-	3,920	3,920	14,671
147	2,430	-	2,577	6,577
-	-	-	-	-
(13,934)	(13,839)	-	(27,773)	(27,773)
(13,934)	(13,839)	-	(27,773)	(27,773)
(13,787)	(11,409)	-	(25,196)	(21,196)
13,787	11,409	-	25,196	42,358
\$ -	\$ -	\$ -	\$ -	\$ 21,162